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92^d CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 92-618

**AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1972 FOR
MILITARY PROCUREMENT, RESEARCH, AND DEVELOPMENT,
AND FOR ANTI-BALLISTIC MISSILE CONSTRUCTION; AND PRE-
SCRIBING RESERVE STRENGTH**

NOVEMBER 5, 1971.—Ordered to be printed

Mr. HÉBERT, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 8687]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8687) to authorize appropriations during the fiscal year 1972 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength of the Selected Reserve of each Reserve component of the Armed Forces, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I—PROCUREMENT

SEC. 101. Funds are hereby authorized to be appropriated during the fiscal year 1972 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, as authorized by law, in amounts as follows:

95-006 O-71-4

States entered into a bonafide agreement which designated Lockheed's fixed loss on the C5-A program to be \$200,000,000, and to restrict the traditional right of recovering depreciation, bid and proposal and independent research and development costs is to add upwards of an additional \$20,000,000 in fixed loss. They consider it unfair for Congress to legislatively amend the contract on what they believe to be an ex post facto basis. However, after considerable discussion the House conferees recognized that the Senate was adamant in its position and in the broader interest of enacting the entire bill into law, the House conferees receded with the exception of Mr. Arends, Mr. Gubser, and Mr. Wilson, and accept the Senate position on this provision of the bill.

CEILING ON EXPENDITURES IN LAOS

Section 505 of the Senate bill imposes a ceiling of \$350 million on expenditures in, to, for, or on behalf of Laos, excluding combat air operations in or over Laos by U.S. military forces. The section further requires quarterly written reports by the President of the United States to the Congress showing the total of expenditures by the U.S. government during the preceding quarter subject to the ceiling, with a breakdown of the purposes for which the expenditures were made. The section also provides that after the date of enactment of this Act any request for the appropriation of funds for use in, for, or on behalf of Laos shall be accompanied by a written report explaining the purpose for which such funds are to be used.

The Congress has been advised that the ceiling established by the section, \$350 million, is equivalent to the total expenditures programmed by the administration in Laos for fiscal year 1972, excluding the normal and usual expenses of the embassy discussed below.

The House conferees are in sympathy with the purposes of the limitation and the House, therefore, recedes.

The conferees intend that the \$350 million limitation should include all assistance-related activities in Laos. However, the conferees wish to make it understood that it is not the intent to place a ceiling on, or reduce, funds available for vital non-assistance-related activities in programs which must be carried on irrespective of assistance-related operations in Laos, such as the normal expenses incurred by the State Department in the operation of its embassy and such normal and usual expenses of the embassy as would be incurred in peacetime in the absence of any military, paramilitary, or economic assistance programs of any kind.

REPORTING OF SCHEDULES AND TESTING PRIOR TO PROCUREMENT

The Senate bill contained a new general provision, Section 506, which requires the Secretary of Defense to submit annual reports on development schedules, procurement schedules, and operational testing and evaluation (OT&E) for weapon systems for which funds for procurement are requested. In addition, supplemental reports are required to be submitted 30 to 60 days prior to awarding of a procurement contract.

The House bill contained no similar provision.